Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 OMB-01 AID-05 IGA-02 /075 W

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E.O. 11652: N/A TAGS: PFOR, EAID, IS

SUBJECT: ISRAELI AID REQUEST

- 1. MARGALIT, HAARETZ' CORRESPONDENT IN THE U.S., REPORTED ON DECEMBER 7 THAT THE STATE DEPARTMENT WILL APPEAL A PROPOSED "CUT" IN ISRAELI AID FOR 1978. IN PLACE OF THE \$2.3 BILLION ISRAEL HAS REQUESTED, ADMINISTRATION'S PROPOSED BUDGET REPORTEDLY WILL INCLUDE ONLY \$1.4 TO \$1.6 BILLION FOR ISRAEL, OF WHICH A BILLION WILL BE FOR MILITARY AID. THE CUT REDUCTION WAS MADE ON THE BASIS OF AN ISRAELI ESTIMATE THAT THEIR BOP BEFICIT THIS YEAR WOULD DECREASE BY \$500 MILLION. THIS ESTIMATE, MARGALIT SAID, IS NO LONGER ACCEPTED IN ISRAEL BUT ELEMENTS IN THE ADMINISTRATION HAVE USED IT IN ORDER TO JUSTIFY THE CUT.
- 2. BLITZER, JERUSALEM POST CORRESPONDENT IN THE U.S., ALSO REPORTED ON DECEMBER 7. THAT PRESIDENT FORD'S FINAL DECISION ON FY 1978 AID TO ISRAEL IS VIRTUALLY CERTAIN TO BE FOR CONSIDERABLY LESS THAN ISRAEL HAS REQUESTED. HE SAID THAT SECRETARY KISSINGER IS PUSHING FOR \$1.8 BILLION IN ASSISTANCE (\$1 BILLION IN MILITARY AND \$800 MILLION IN ECONOMIC AID), WHILE OMB DIRECTOR LYNN IN CALLING FOR A FINAL AID FIGURE OF \$1.4 TO \$1.6 BILLION. ISRAELI OFFICIALS HAVE MADE IT CLEAR THAT THEY REGARD THE \$2.3 BILLION FIGURE AS THE MINIMUM NECESSARY TO MEET ISRAEL'S NEEDS. THE PENTAGON, HOWEVER, ARGUES THAT ISRAEL CAN MANAGE WITH \$500 MILLION LESS IN MILITARY AID THAN REQUESTED. UNCLASSIFIED

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Subject: ISRAELI AID REQUEST TAGS: PFOR, EAID, MASS, IS To: STATE

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